

**BILL #** HB 2187

**TITLE:** school districts; restructuring; pilot program

**SPONSOR:** Biggs

**STATUS:** House Engrossed

**REQUESTED BY:** House

**PREPARED BY:** Jake Corey

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**FISCAL YEAR**

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**2003**

**2004**

**2005**

**EXPENDITURES**

General Fund

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Potential Impact

**FISCAL ANALYSIS**

**Description**

The bill establishes a 5-year pilot program for restructuring school districts. The Arizona Department of Education (ADE) *shall* select one union high school district in a county with a population of at least 1,500,000 persons and *may* select one school district in a county with a population of less than 200,000 persons to participate. For each school district selected to participate, the county school superintendent shall form a special school district within the existing school district. The governing board of the existing school district shall have no authority over the special school district for the duration of the program. During that time, the county school superintendent shall assume responsibility for administrative duties of the special school district, the principals of each school in the special school district shall assume responsibility for the operations of those schools, and school councils shall assume responsibility for the oversight of each school. ADE shall report annually on the results of the program. In addition, a House Select Committee on the School District Restructuring Pilot Program is established. The Committee shall adopt a plan to implement the program, including sources of funding. The bill is repealed from and after June 30, 2009.

**Estimated Impact**

The bill would result in a temporary staffing requirement for ADE to produce an annual report over the duration of the pilot program. At a minimal level of analysis, the staffing may be absorbed within existing resources. A more extensive analysis of the pilot program would likely require contracted assistance. The contract could be at least \$10,000 per year, which could either be funded from the department's existing budget or provided through a new appropriation. The bill would not alter the disbursement of K-12 Basic State Aid.

The bill may potentially have a local fiscal impact while the program is in effect due to the transfer of administrative, operations, and oversight responsibilities, but we cannot predict what the impact would be.

ADE does not have a cost estimate for this proposal.

**Analysis**

The requirements in the bill for ADE to report annually and for a House Committee to be established would necessitate additional staff time and resources. The level of analysis in the ADE report would determine if any additional funding were necessary to produce the report. Additional costs associated with the establishment of a House Committee could be absorbed within existing resources.

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## **Analysis (Continued)**

The bill would not impact Basic State Aid allocations. Basic State Aid is distributed to each school district based on the Average Daily Membership (ADM) count of the district. According to Legislative Council, since the bill does not explicitly specify any changes to be made in K-12 Basic State Aid formula calculations, funding would be distributed to the existing school district and passed through to the special school district. If this is not the case and the special school district were to be funded separately from the existing school district, Basic State Aid calculations might be changed. For example, if the 2 districts were funded separately and the ADM of one was less than 600, that district would qualify for the small school weight in the K-12 funding formula. We cannot predict the effect on the formula of funding the special district and the existing district separately.

## **Local Government Impact**

Maricopa County is the only county in the state with a population of at least 1,500,000 persons. The bill would require ADE, therefore, to select a union high school district within Maricopa County to participate in the pilot program. The Maricopa County School Superintendent's office believes a number of unknown factors would determine whether the bill would require them to increase staff over the term of the pilot program or whether the office could absorb the additional administrative responsibilities within existing resources. At most, the office estimates a need for 1 to 2 additional FTE Positions while the program is in effect.

If ADE were to select a district in a county with less than 200,000 persons to participate in the program, it would be more difficult for the county school superintendent's office to absorb the additional responsibilities within existing resources. Therefore, the county would likely need to increase staffing levels over the course of the pilot program.

The bill would also add responsibilities to the principals and the school councils within the special district. We can not predict if those additional responsibilities would necessitate additional staffing or if they could be absorbed within existing local resources.

3/21/03